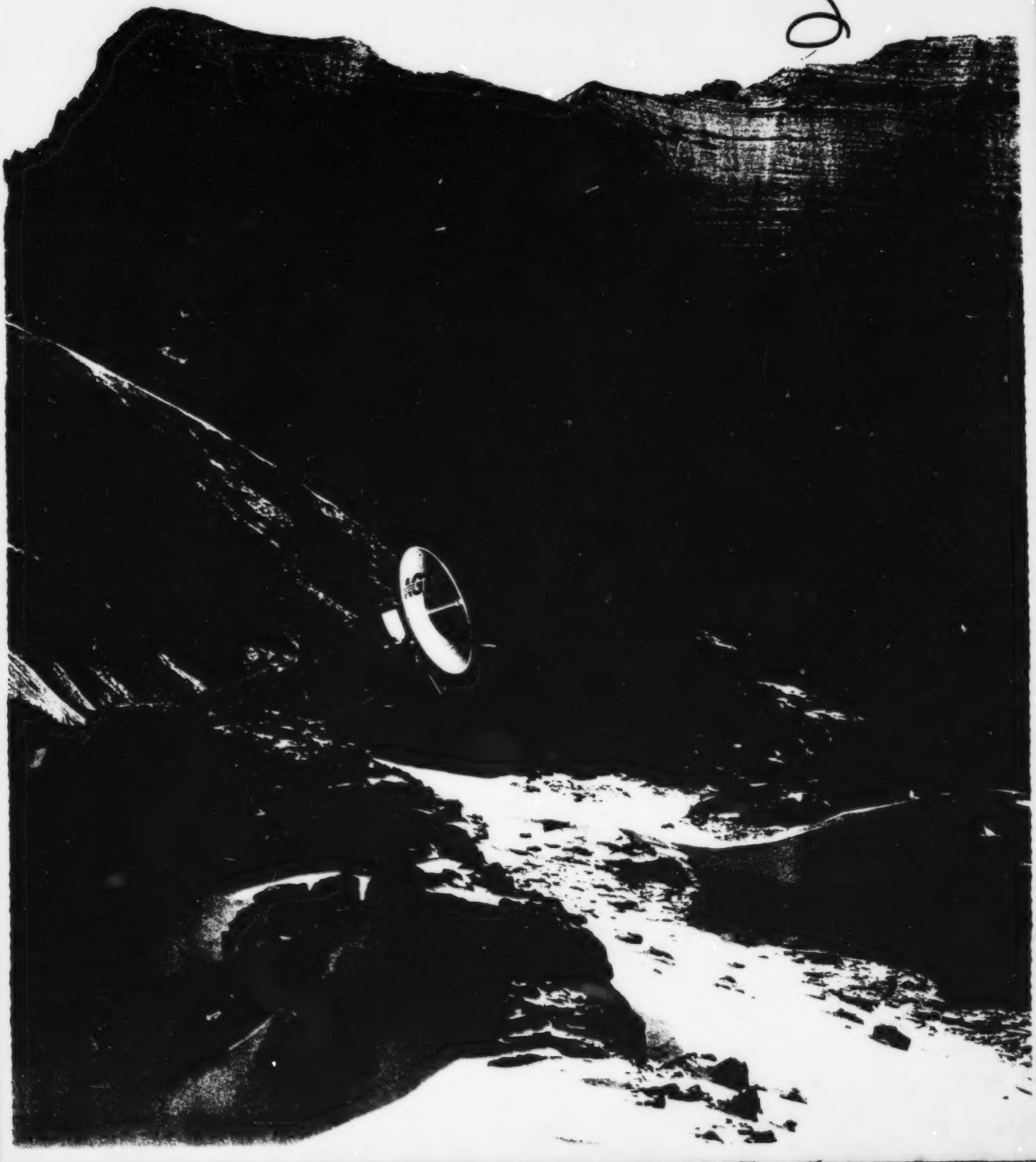
ANNUAL REPORT 1987



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Cover: *Mount Allan, site of Nakiska, one of the major venues of the Olympic Winter Games.*

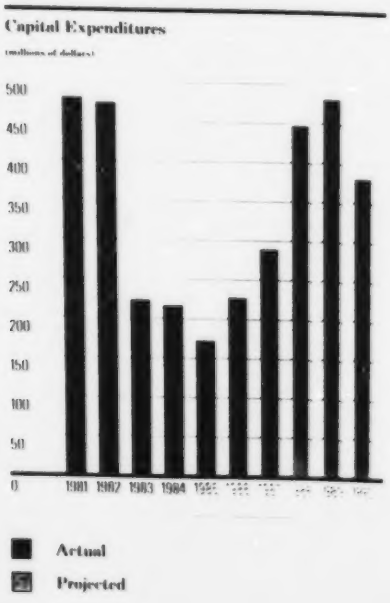
In over 80 years of service, AGT has grown to become one of the world's leading telecommunications companies.

A provincial crown corporation, AGT provides local and long distance communications, business systems, terminal equipment, mobile communications and end-to-end network service for Albertans. As a member of Telecom Canada, AGT delivers these voice and data services around the globe. The Company also markets its telecommunications expertise and products internationally through Alta Telecom International Ltd. (ATI), Alta Telecom Inc. (ATInc.), Alta-Can Telecom Inc. and NovAtel Communications Ltd.

As Official Supplier of Telecommunications Services to the XV Olympic Winter Games, AGT applied these diverse capabilities to meet the extraordinary demands for video, audio, data, voice and mobile control circuits... delivering the words and pictures of the Games to the world.

This report, together with the financial results for 1987, reflects in words and pictures the many ways AGT proudly carried the Olympic message—and how those same services are at work every day for our customers in Alberta.

	Percentage Change	1987	1986
		(millions)	
FINANCIAL			
Operating Revenues	4.3	$1,071.7	$1,027.7
Operating Expenses	6.7	806.5	756.0
Net Income	35.3	53.2	39.3
Cash Generated From Operations	(17.6)	188.3	228.7
Capital Expenditures	27.8	289.1	226.2
Plant Investment—Gross	4.9	3,299.5	3,146.5
—Net	2.7	1,939.3	1,888.2
OPERATIONAL		(thousands)	
Network Access Lines	3.4	970.5	938.2
		(millions)	
Long Distance Messages	6.6	264.6	248.2
Messages Per Line	3.0	273	265



- *Achieved consolidated net income of $53 million, an increase of 35 percent over 1986*
- *Designed and installed the telecommunications network for the XV Olympic Winter Games*
- *Officially launched Individual Line Service for all Albertans*
- *Added 51 routes to the Extended Flat Rate Calling program*
- *Provided digital switching capability to 62 offices as part of the Network Modernization program*
- *Introduced Card Reader Phones to the Alberta market*
- *Introduced 4-color Yellow Pages advertising to the Canadian market*
- *Expanded the availability of CENTRON and DATAPAC network services*
- *Received an Engineering Achievement Award for outstanding contribution from the Alberta Engineering Centennial*

In a year of exciting Olympic preparation, AGT has achieved a winning performance. We are pleased to report good earnings and are confident that significant strides have been attained toward accomplishing our long-term objectives.

Though the Alberta economy remained relatively flat, our consolidated net income rose to $53 million, an increase of 35.3 percent over the previous year. Return on average capital was 12.5 percent. The year closed with a solid financial performance notwithstanding the Arbitration Committee's decision in the toll-sharing settlement with 'edmonton telephones', announced in the first quarter of 1987.

Much of the year's activity centered around the major upgrading and expansion programs announced in 1986: Individual Line Service (ILS), Network Modernization and Extended Flat Rate Calling (EFRC). The three programs, valued at $500 million, progressed on schedule with a significant portion of the work being contracted out to the private sector. EFRC is currently planned for completion next year, while the other two programs remain targeted for completion in 1991.

In August, the federal government announced plans for a national telecommunications policy proposing increased competition for network services. We welcome the establishment of clear guidelines that will ensure the most efficient and economic development of Canada's telecommunications services. On the regulatory front, we are awaiting a decision by the Supreme Court of Canada concerning the jurisdictional boundaries for provincial and federal telecommunications. AGT put the matter before the courts in response to CNCP's application to the CRTC for network

interconnection, rather than the Alberta Public Utilities Board. The Supreme Court decision will be a landmark ruling for the telecommunications industry in Canada.

Recognizing that AGT's external environment is rapidly changing because of advances in technology, regulatory changes, and increasing competition, there was continued emphasis on planning in 1987. A comprehensive three-year strategic plan was developed to provide guidance for the Company and the individual business units. The aim of the plan is to strengthen and enhance AGT's leadership position and profitability in preparation for increasing competition in AGT's traditional markets.

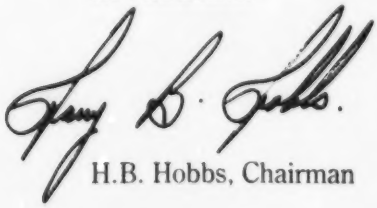
Our joint venture company, NovAtel Communications, increased sales and our subsidiary operations—ATI, ATInc. and Alta-Can Telecom—actively pursued new market opportunities. Their initiatives continue to enhance AGT's reputation and presence internationally, and are proof of Alberta's ability to effectively compete on a broader scale.

We acknowledge and bid a fond farewell to 491 men and women who retired from the Company this year. We wish them well as they set out on new adventures. Their fellow employees are carrying on their traditions of hard work and commitment as evidenced in this year's performance. To build on these strengths, a number of major initiatives were successfully introduced throughout the year to further develop our most important asset, our human resources.

We are particularly proud of the work carried out for the XV Olympic Winter Games. As Official Supplier of Telecommunications Services, our involvement began several years ago with initial planning and consultation; this past year generated a special intensity of dedication and spirit. It is our employees who have made AGT's participation in the Olympics a success on all counts. The scope of our team's operations has left a legacy not soon to be forgotten.

This report is a story of pride. Though certainly there is glory in winning, there is also much to be said about the path that leads to great achievement. We feel fortunate in having travelled that path, carrying the message of the Olympic Games to the world.

Even more, we are proud to carry the message every day for Albertans.



H.B. Hobbs, Chairman

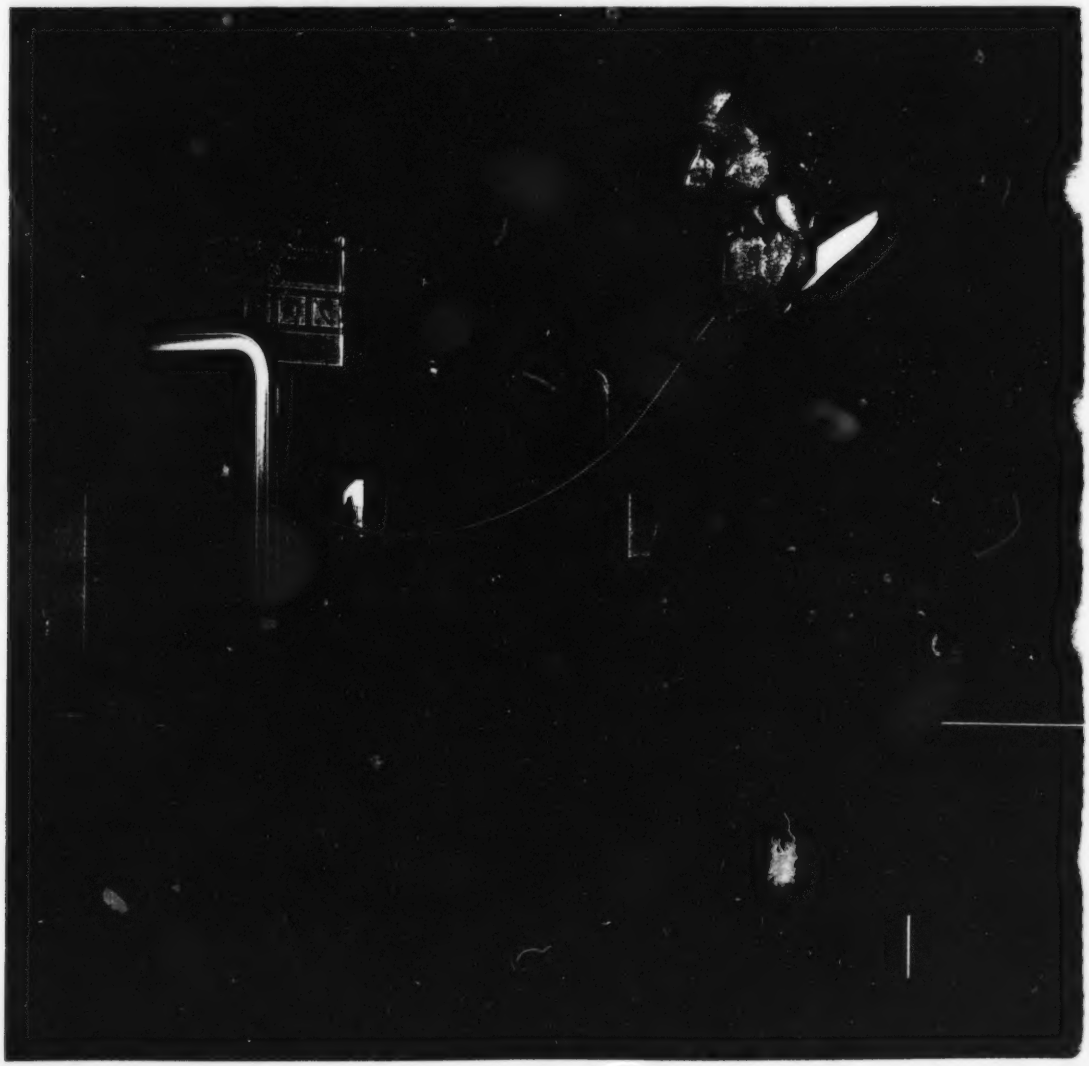
H.M. Neldner, President and Chief Executive Officer

ACHIEVEMENTS IN A SLOW ECONOMY

AGT's performance over the year reflects a general improvement in Alberta's economy during 1987. Plunging commodity prices in 1986 have given way to improved values—at least for crude oil, with drilling activity once again on the rise. The agricultural sector has continued to endure depressed prices, but government initiatives have resulted in a degree of counterbalance. The service sector is also slowly regaining its strength.

Initiatives to improve the efficiency and productivity of the Company are now producing the intended results. Positioned for an increasingly competitive environment, AGT is becoming less reliant on the monopoly services and more aggressive in its competitive activities. The increased revenue generated by the Company's competitive services reflects substantial growth, as was previously forecast.

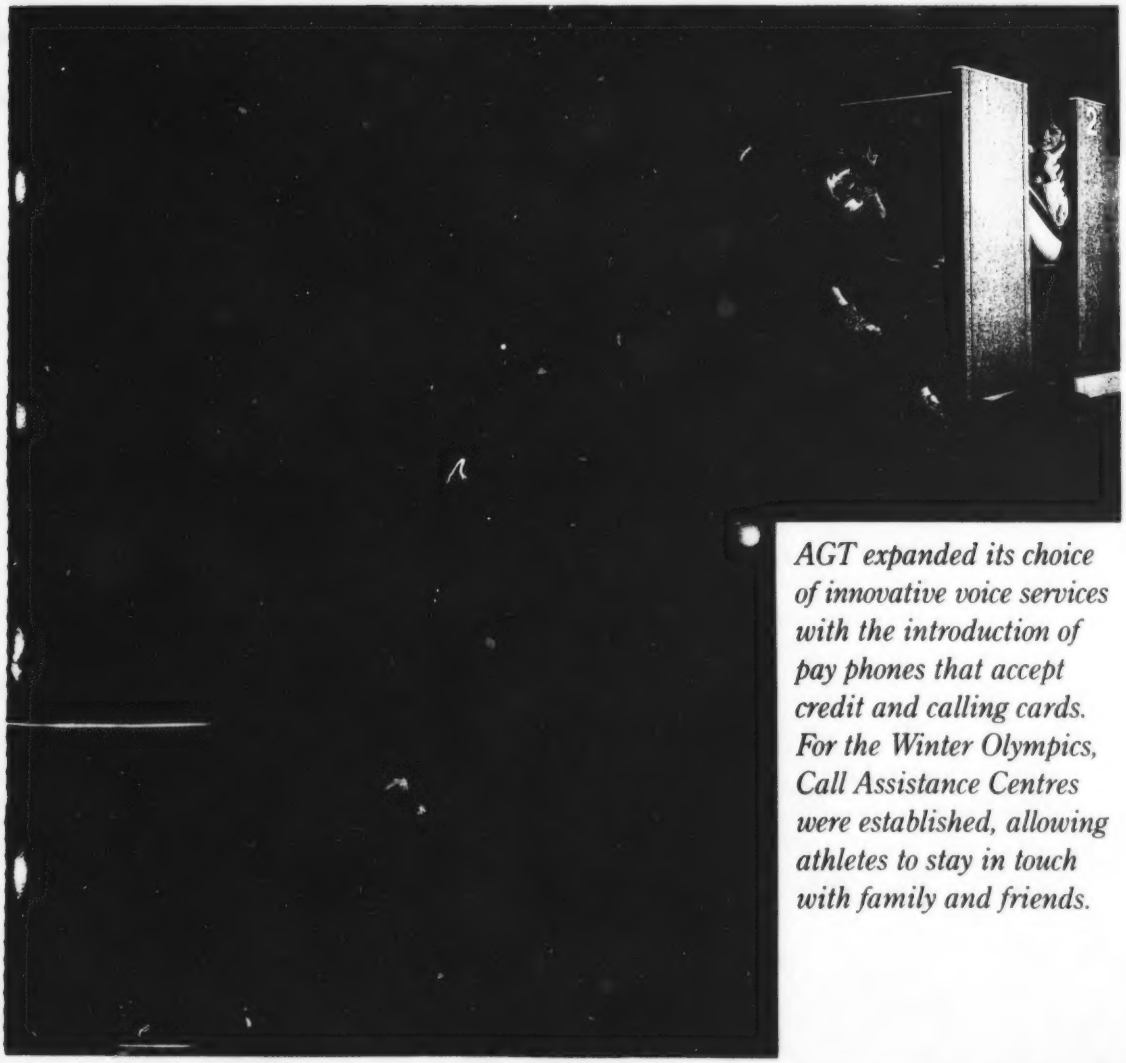
In July, a Corporate Strategic Plan was approved by AGT's Commission to serve as a detailed game plan for the next three years. The plan defines AGT's corporate objectives, financial goals



and overall support strategies needed to make the Corporation successful. Six key priorities form the basis of AGT's activities:

- *Implement network upgrading programs*
- *Increase the quality of customer service*
- *Strengthen our human resources*
- *Expand research and development activities*
- *Develop effective management and financial systems*
- *Position the Company for increased competition*

Adapting the Company to meet the inevitable challenge of increasing competition is the most critical item on our agenda. As witnessed all across North America, fewer areas continue to enjoy the monopoly advantage. Rapid advances in technology spur on the competitive forces and impact the current regulation of the industry. Our corporate strategy deals with these new realities in an active, aggressive manner.



AGT expanded its choice of innovative voice services with the introduction of pay phones that accept credit and calling cards. For the Winter Olympics, Call Assistance Centres were established, allowing athletes to stay in touch with family and friends.

ASSERTIVE MARKETING INCREASES SALES

AGT's approach to the marketplace changed distinctly and significantly in 1987. In the recent past, the approach was to sell products and services individually. The focus has now shifted to selling "systems", positioning AGT as a supplier of total, integrated communications.

To reinforce this new approach, Business Systems, an operating unit which offers a fully-integrated range of services, was restructured. Designed to improve customer relations for both short- and long-term telecommunications requirements, Major and National Accounts now form an integral part of the Business Systems unit. In November, Harry Truderung was appointed General Manager of AGT Business Systems.

The integration of products is an important customer concern that is continually being addressed by AGT's marketing team. For example, personal computers, formerly marketed for stand-alone applications, now serve as the basis for network-oriented communications, such as call accounting and electronic data interchange (EDI). Each step in the advancement of technology increases the range of products and services that can be offered. Product integration will be fundamental to serving our customers well.

The concept of "integration" was carried through to AGT's advertising and promotions activities. The largest and most visible of the programs was a "catalogue" of the Company's business services—an attractive, 16-page reference guide titled "Powerful Business Communications Cover-to-Cover". The publication was mailed to over 100,000 Alberta businesses and supported by a media campaign. A similar catalogue, covering both residential *and* business services, was inserted in all AGT telephone directories.

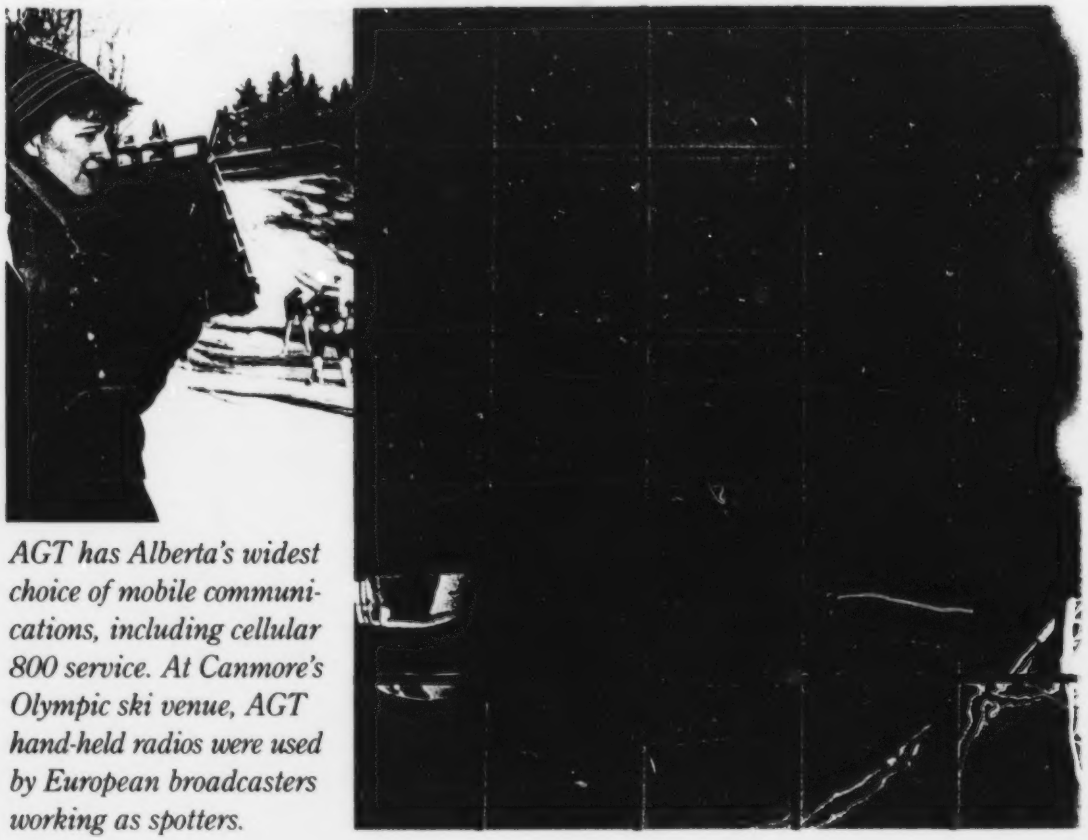
As part of AGT's commitment to innovation, a new product announcement was made in May for Card Reader Phones—the first pay phones that accept credit cards and AGT Calling Cards, for local and long distance calling. AGT introduced this product to Alberta, completing 40 installations as of year-end. Card Reader Phones eliminate the need for customers to carry change, and provide convenient, detailed billing information on monthly credit card or telephone statements. Installations are occurring at airports, hotels, train and bus depots and other high-usage areas.

In June, a successful promotion of CENTRON resulted in the placement of thousands of additional lines into the business market. CENTRON offers all the features of an advanced PABX, but does not require on-site switching equipment. As a network service, it ties together many of the communications systems found in most companies. The marketing thrust in 1987 was directed at large businesses, and CENTRON also will be presented to small businesses in 1988. Total lines in service, now about 20,000, are expected to double by the early 1990s.

Other major sales of AGT business systems included a large SL1-XT to the Olympic Winter Games Organizing Committee, audio/video systems to ABC-TV and a "911" emergency system to the City of Calgary.

Installation requirements on a large DATAPAC contract for a major petroleum company are proceeding on schedule. AGT, through Telecom Canada, is providing the data network for 2,500 service stations across the country. The network will connect point-of-sale facilities at each station to a mainframe computer, allowing for accurate collection of fuel and sales data, as well as faster credit card authorizations.

Advanced data networks make movement of information instantaneous and reliable—the kind of accuracy needed to transmit competition results from the Olympic Speedskating Oval as well as other venues...and to meet the needs of Alberta businesses.

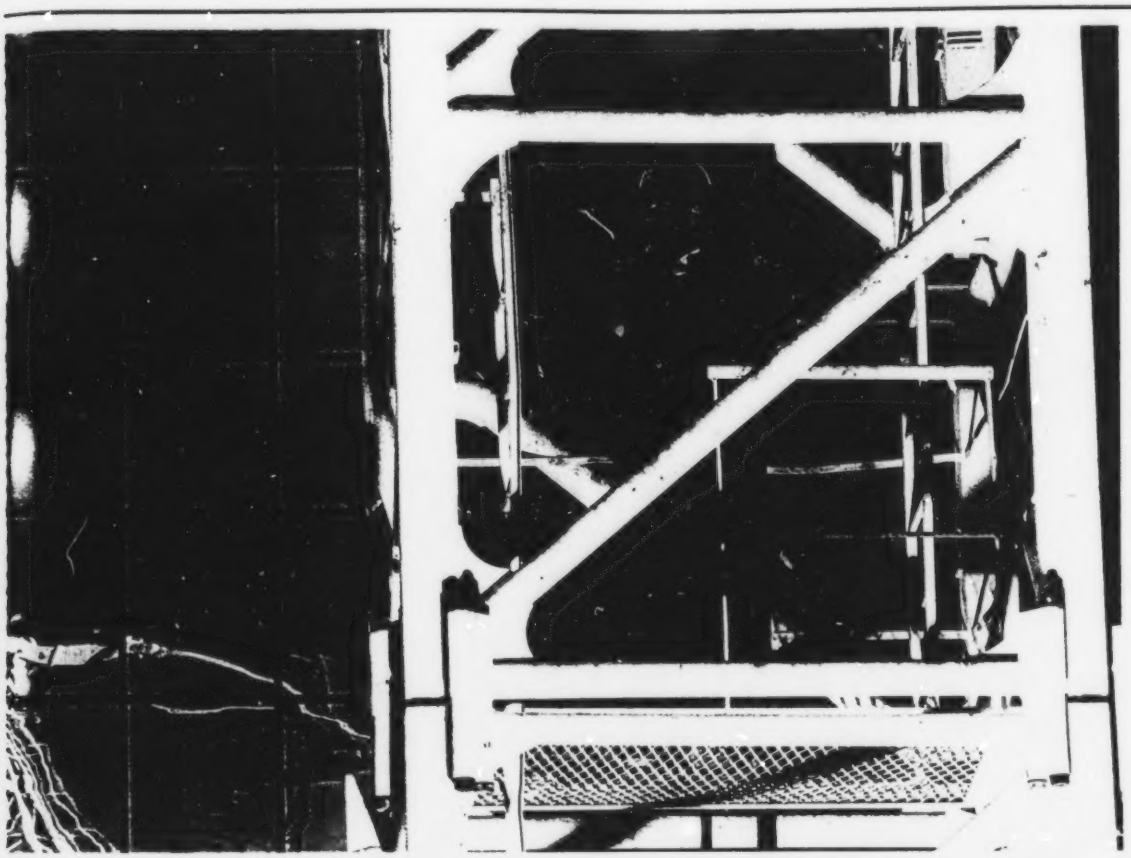


AGT has Alberta's widest choice of mobile communications, including cellular 800 service. At Canmore's Olympic ski venue, AGT hand-held radios were used by European broadcasters working as spotters.

Mobile Communications had a successful year, increasing revenues by 12 percent. Cellular 800 service, launched late in 1986, exceeded all forecasts for 1987. Initially offered in Calgary, 800 service was expanded to encompass the Calgary/Edmonton and Calgary/Banff corridors. Voice messaging has been included as a value-added service to Cellular 800. Cellular 400 service, the system for total provincial coverage, experienced continued strong growth. Cell sites increased from 134 to 150 and over 1,400 new customers were added to the system.

AGT is also reasserting its strength as a quality service company by setting up new initiatives for established services. Maintenance options for customers with on-site business equipment were restructured and packaged with an Olympic theme—Gold, Silver and Bronze Medal Services, resulting in a number of significant maintenance contracts.

A widespread television campaign, encouraging residential use of long distance, was launched in the fall. The theme "Talk to Me", a departure from the traditional thrust of promoting long distance for special occasions, positioned the service as the choice for day-to-day communications.



As Individual Line Service and Network Modernization unfold across the province, AGT's full range of services and products will be available to ALL Albertans. Through the regional Phone Centres, direct-mail campaigns and other promotions, services like touch tone, call forwarding, and call waiting will be available to over 100,000 new customers.

AGT Directory was first in Canada to debut 4-color Yellow Pages advertising, currently being tested in the Fort McMurray area. If successful, the 4-color process will be made available throughout Alberta, joining other recent innovations to AGT's Directory service.

QUALITY SERVICE FOR CUSTOMERS

Excellence in customer service remains the chief goal at AGT. This year, we resolved to make every effort count in more tangible ways, establishing programs to enhance the Company's responsiveness and effectiveness.

AGT is introducing a new billing system which will be in place in 1989. Bills will be more customized with improved formats to provide pertinent information. The most modern databases and programs are being installed to further improve AGT's responsiveness.

An Automatic Call Distribution System was inaugurated in the high-volume regions of Calgary and Red Deer. The system allows AGT to handle customer enquiries more quickly, and may soon be implemented in other major exchanges, such as Medicine Hat and Grande Prairie.

Steps have also been taken to become more active in all areas of customer contact, such as letters dealing with service changes, account balances and other billing matters; these have been personalized and rewritten to improve clarity.

It is understood that service excellence is a measure of employee excellence. AGT therefore set in motion a number of programs to encourage personal and professional growth within the Company. During the year, every employee participated in a comprehensive study designed to identify individual strengths, goals and leadership qualities. A program called "Advancing Through Opportunity" heralded a new policy of posting and publicizing all vacant positions at AGT. In addition, a new method of compensation based on performance was formally initiated in 1987.

It was also a landmark year for labour relations. In the wake of tough but extremely productive negotiations with the International Brotherhood of Electrical Workers (IBEW), an historic 3-year contract was signed on behalf of AGT's Craft employees. The key to reaching this collective agreement was a new spirit of cooperation and understanding on both sides of the bargaining table.

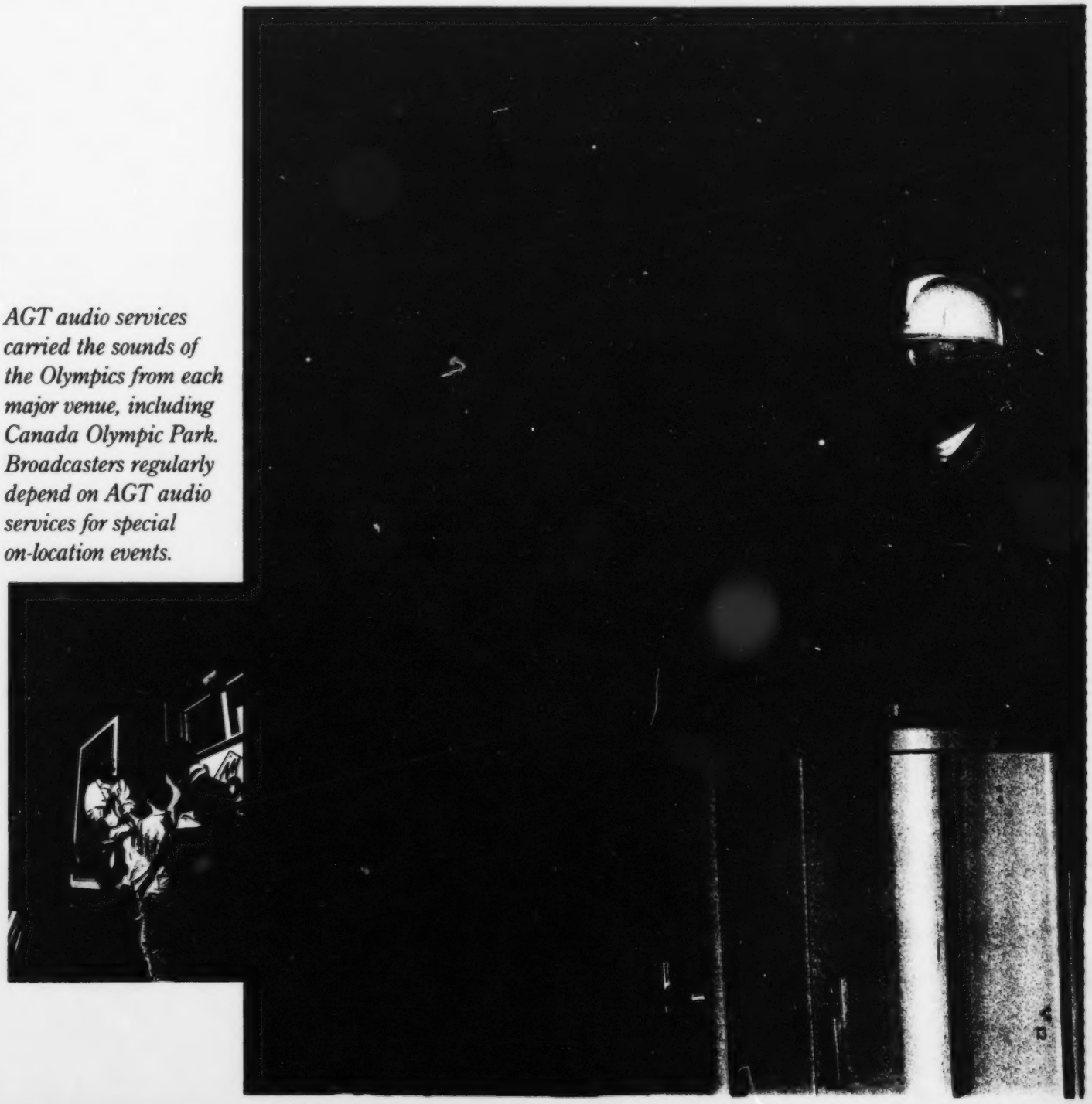
The year brought many opportunities as well for service to communities throughout the province.

AGT's corporate contributions program was considerably expanded, with donations and sponsorships arranged for numerous community organizations. Extensive support was again provided to the United Way in AGT's operating regions of Fort McMurray, Grande Prairie, Edmonton, Red Deer, Medicine Hat, Calgary and Lethbridge.

One of the year's major sponsorships was made in promotion of amateur sport. At the close of the Alberta Summer Games, a new van was presented to the Alberta Sport Council, complete

with cellular phone and microcomputer. The vehicle will travel year-round to amateur sports events, reporting—via AGT's network—on the results of competition.

Rick Hansen's "Man in Motion" tour was another highlight for AGT. While in the province, Rick was accompanied by Dave Rennie of the Telephone Pioneers, who operated a corporate van equipped with AGT cellular technology—the main communications link as the tour progressed through Alberta.



AGT audio services carried the sounds of the Olympics from each major venue, including Canada Olympic Park. Broadcasters regularly depend on AGT audio services for special on-location events.

A new member of the AGT corporate staff has also proven very popular with young people. "Telly" the robot was purchased during the year to help carry out AGT's school program and participate in special events.

For many AGT employees, the year's biggest challenge came about quite suddenly as a massive tornado devastated Edmonton July 31st. The most severe destruction occurred within an area serviced by 'edmonton telephones', as well as some of the area served by AGT. In its path the tornado destroyed businesses, facilities, homes . . . and lives.

AGT employees responded immediately and in every way possible by repairing and establishing emergency communications at the disaster site; handling an unprecedented volume of local and long distance calls; and working with customers to restore their residential and business services.

Across the province, employees worked extra shifts and voluntarily contributed hundreds of hours lending a hand wherever needed, assisting 'edmonton telephones' in restoring the network and bringing the area back to full service. This test of the Company's people, and the spontaneous, cohesive spirit they displayed, is dynamic proof of AGT's dedication and concern for the communities it serves.

The significant advantage AGT has in its marketplace is a network that is among the best in North America. And the three major network upgrading programs, announced in 1986, will further enhance its capability.

In August, the Alberta Public Utilities Board gave formal approval to Individual Line Service (ILS), a program to replace party lines in the province with private lines. ILS will be the standard service across the province, ensuring the end of all party lines by the early 1990s.

The infrastructure for this new service was developed during the past two years, and work was begun in November to systematically convert all exchanges, beginning with those that can be adapted quickly. This major program will provide rural customers with products and services already available in major cities, bringing a sophistication of service previously unavailable on such a wide-reaching basis.

Tied closely to the ILS program are AGT's efforts at modernizing the entire network. No small task, this program involves the upgrading of 300 telephone exchanges to digital technology. Already, 50 exchanges have been converted and another 74 are planned for conversion in 1988. Furthermore, many of the small, inefficient exchanges throughout the province are being replaced with a host/remote configuration: a large, modern digital switch tied to one or more smaller remote switches.

Replacing all party lines in Alberta with individual .ines is one of AGT's most challenging programs. Another challenge was providing special cabling for Olympic locations such as Nakiska at Mount Allan.

While paving the way for ILS, Network Modernization will also bring customers a much higher degree of network reliability and voice quality, along with the ability to transmit high-speed data. For AGT, it means substantial installation and operating cost savings over the long term . . . and new marketing opportunities.

Another major program, Extended Flat Rate Calling (EFRC), was expanded to an additional 51 routes. EFRC provides toll-free calling between certain communities, depending on their distance from a central switching office. The current program will be completed during the coming months.

A CHANGING REGULATORY ENVIRONMENT

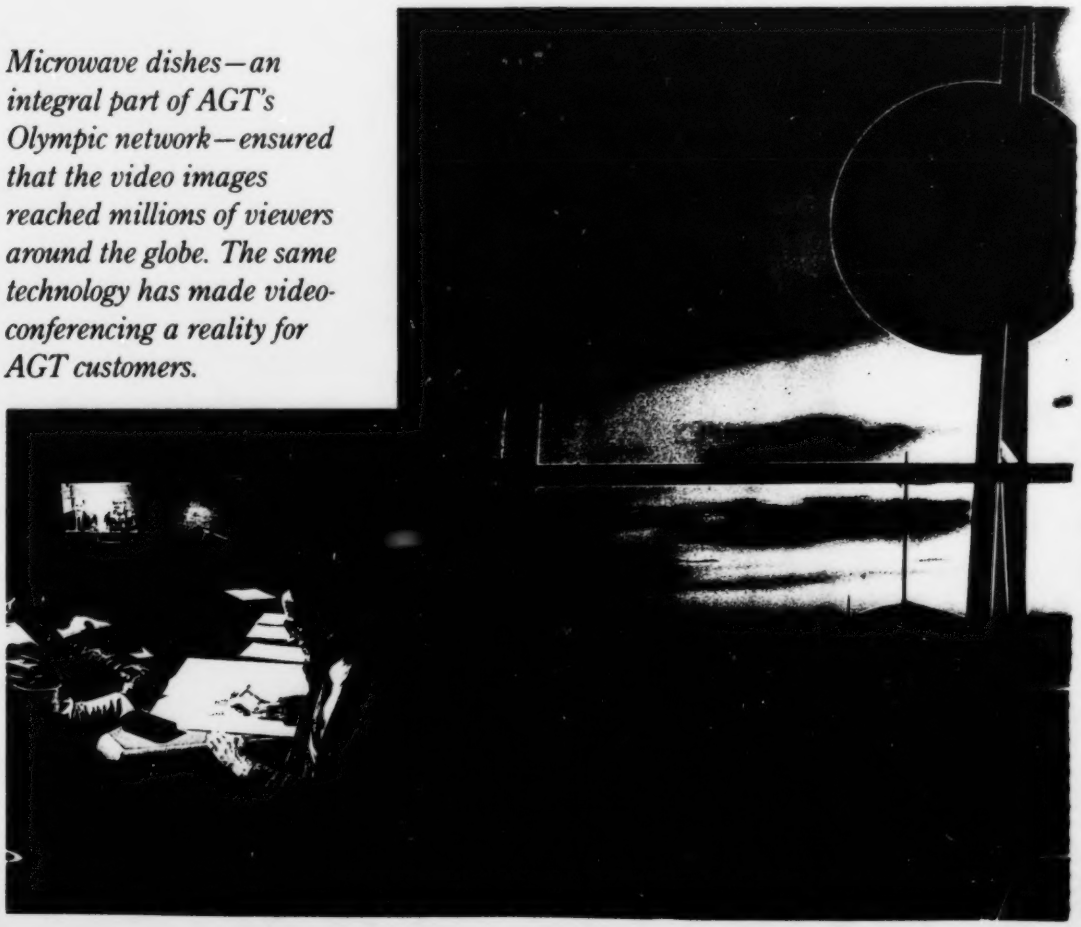
There were several major regulatory developments during the year which impacted AGT.

In February, a decision was reached by an arbitration board concerning the sharing of toll revenue between AGT and 'edmonton telephones'. While this settlement was much larger than anticipated—awarding 'et' an additional $27.5 million for 1985—the binding decision ended the long-standing dispute between the two companies and established an ongoing formula for use in subsequent years.

Evidence was presented to the Alberta Public Utilities Board in support of Phase I of AGT's current General Rate Application— the process to determine the Company's revenue requirements. Phase II of this hearing involves the setting of rates and is scheduled for the first quarter of 1988. The new rates are expected to be implemented in the third quarter.

A decision from the Supreme Court on the AGT/CNCP jurisdictional question is anticipated in 1988. AGT negotiated with CNCP for interconnection of their respective networks with consideration given to the regional concerns in the Alberta telecommunications market. Unable to agree on mutually acceptable terms and conditions, CNCP applied for a ruling by the CRTC, the federal regulatory agency. AGT, a provincial crown corporation, appealed the right of the CRTC to consider the application, since

Microwave dishes—an integral part of AGT's Olympic network—ensured that the video images reached millions of viewers around the globe. The same technology has made video-conferencing a reality for AGT customers.



AGT's regulator is the Public Utilities Board of Alberta, not the CRTC. The outcome of this jurisdictional issue will be a landmark decision for the telecommunications industry in Canada.

This issue is also of concern to the respective federal and provincial communication ministers who met during the year to formulate a national policy on interconnection. As announced in the Policy Framework for Canadian Telecommunications in July, there is agreement on the need for consistent national policies on reasonable access to telecommunication systems and services—policies that are sensitive to regional and provincial differences. AGT endorses these efforts to ensure the timely and efficient introduction of competition throughout Canada, with the least possible disruption for customers.

As of January 1, 1988, a 10 percent sales tax on certain telecommunications services, most notably long distance, takes effect as part of the federal government's tax reform. AGT expressed concern about the impact of the tax on its customers—for example, those living in remote areas who depend on long distance service and who will find the tax a financial strain. Information packages were forwarded to business and residence customers in November to alert them of the tax on their future bills.

Alta Telecom International Ltd. is a wholly-owned subsidiary promoting AGT expertise and technology to offshore customers. Since its formation in 1982, the firm has earned a solid reputation in providing training and advisory services, as well as software, surveillance and turnkey systems.

A reorganization along both corporate and product lines was completed during the year. The new management team, appointed in 1986, added two executive positions and focused strongly on market development, financial systems and controls. Among the achievements were major contracts secured in the Caribbean and Asia, and further expansion of ATI's presence in a number of international regions.

At the World Telecom Conference in Geneva, ATI's products compared favourably with those of the world's largest telecommunications companies.

In the United States, **Alta Telecom Inc.**, with its head office in Norcross, Georgia has had ongoing success in the U.S. market, particularly with several of the Bell operating companies. ATInc. signed a number of contracts to provide advanced software systems for minicomputer surveillance and telephone operator services. The company was also very active in digital switching and fibre optics, expanding its master agreements with the principal equipment manufacturers. The firm is now in a position to benefit from major opportunities in the area of network by-pass.

Alta-Can Telecom Inc., a wholly-owned venture capital subsidiary, completed a number of profitable divestitures and new investments during the year.

One example is the interest held in Idacom Electronics Ltd., acquired in 1983 and sold to Siemens AG of West Germany. AGT also directly holds 100,000 shares in Idacom, a successful manufacturer of protocol test instruments.

An equity position was purchased in LSI Logic Corporation of Canada, prior to that firm's initial public offering in late spring. Equity positions continue to be held in Vodavi Technology Corporation and Innovage Microsystems Inc.

In addition to managing its own funds, Alta-Can remains general partner and the impetus behind Spurt Investment Fund I, a seed capital pool. New developments include an equity interest in Highwood Audio Inc. of Calgary, which is currently finalizing the design on an innovative line of audio speaker systems. Another Spurt investment, Information Dynamics Corporation, was sold to National Business Systems of Toronto. Spurt also holds an equity position in Edmonton-based Omara Systems Inc.

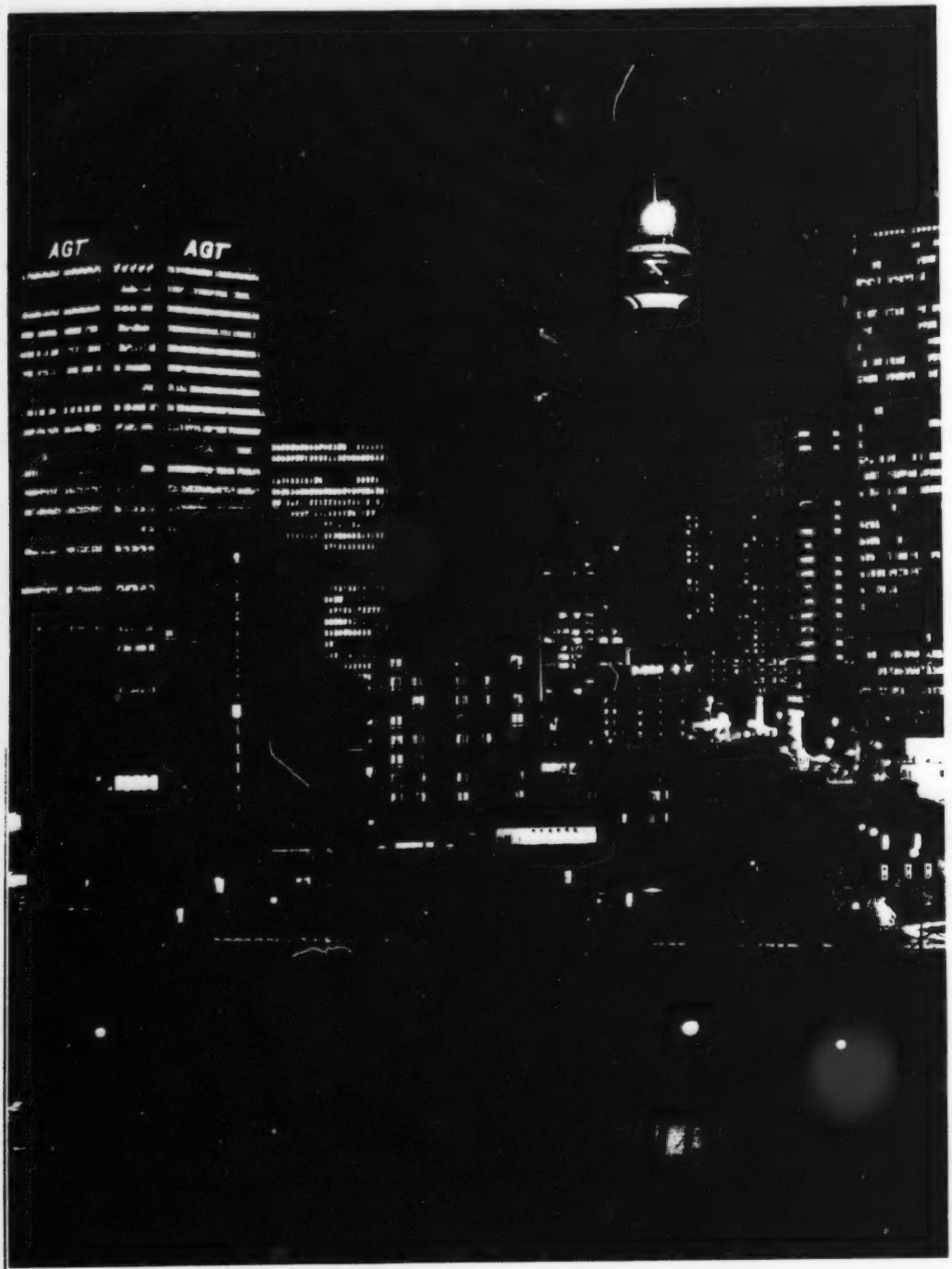
With production doubling that of the year previous, **NovAtel Communications Ltd.** aggressively maintained its position as one of North America's leading manufacturers of cellular telephone terminals and cellular systems.

Established in 1983 and jointly owned by AGT and Nova Corporation of Alberta, NovAtel also commands a leading position in the United Kingdom, with sales to date of some $25 million. Completion of a contract for Century Cellunet of Louisiana marked the U.S. introduction of NovAtel's 800 megahertz system.

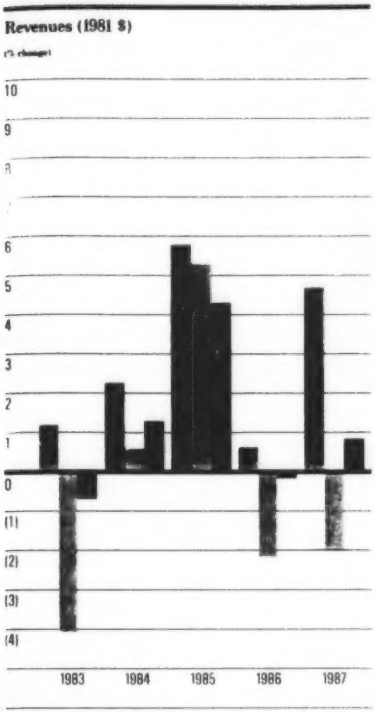
The marketing efforts begun during 1986 in Australia and New Zealand were rewarded with major contracts signed during the past year—in strong competition with Asian manufacturers.

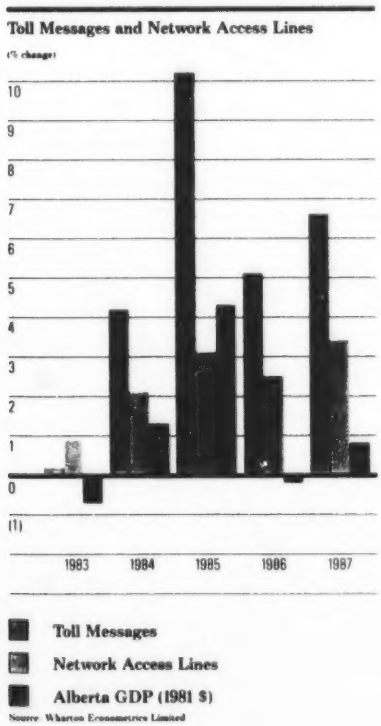
In addition to the main production plant in Lethbridge, NovAtel maintains a Calgary head office and systems manufacturing plant, as well as offices across Canada, in the U.S. and Britain. As a result of its rapid growth, the company's staff size has risen dramatically each year since start-up and is currently nearing 800 people. As Canada's only cellular phone manufacturer, NovAtel anticipates increased profitability through its share of domestic and international markets.

The firm received top honors for industrial design during the 1987 Canadian Business Awards of Excellence.



The Olympic spirit burns bright atop the Calgary Tower... and within AGT, proud supplier of telecommunications services to the XV Olympic Winter Games.





AGT's objective is to achieve continued strong financial performance and provide Albertans with the most modern and efficient telecommunications services at affordable rates. In response to a relatively flat economy since 1982, the Company continues to:

- Aggressively market network products and services to maximize returns on existing network capacities.
- Expand ongoing, long-term cost containment and productivity improvement programs using fewer resources to increase business volumes and maintain high standards of service.

While AGT has already achieved significant gains in productivity by modernizing the network and increasing operating efficiencies, further improvements are achievable.

This year, due to the increasingly competitive nature of the telecommunications industry, the order and format of the financial statements have been changed to highlight income and cash flow results. The balance sheet presentation has been adjusted, more consolidated disclosure is provided and other pertinent financial data has been included.

OPERATING REVENUES

AGT's strategy is to promote increased use of network products and services, and to position the Company for more competition in all markets.

The 1987 revenues of $1,071.7 million represent a growth of 4.3% over 1986. Though the GDP of the Alberta economy increased marginally by 0.8% in 1987, AGT was able to generate a growth of 3.4% in access lines and 6.6% in toll messages.

Marketing strategies designed to address current and anticipated customer needs, strive to maintain the existing customer base and stimulate revenues through the promotion of end-to-end network services and products. Long-term relationships with our customers are being established by offering comprehensive, customized, and integrated communication services packages.

These strategies contributed to the growth in toll revenues of $35.3 million in 1987, which accounted for 80% of the total revenue increase of $43.9 million. All of the toll revenue increases are due to growth in the switched network services such as Message Toll and WATS.

Selected Statistics	% change	1987	1986
Long Distance Messages (millions)	6.6	264.6	248.2
Network Access Lines (thousands)	3.4	970.5	938.2
Messages/Lines	3.0	273	265
Revenue ($ millions)			
Long distance	5.3	$ 698.3	$ 663.0
Local	2.0	324.7	318.1
Other (net of uncollectible)	4.5	48.7	46.6
TOTAL REVENUE	4.3	$1,071.7	$1,027.7

CAPITAL EXPENDITURES

AGT has implemented programs for the introduction of new and emerging technologies that will further increase productivity through the expansion of network capacities and the provision of enhanced services.

1987 capital expenditures amount to $289.1 million—27.8% higher than 1986. These expenditures cover long-term programs to improve the capacity and efficiency of AGT's network and to increase management productivity. They include:

- Continued provisioning for Individual Line Service to customers currently using multi-party lines; and the introduction of digital switching in telephone exchanges.
- The expansion of the national and provincial Fibre Optics Transmission Systems, provisioning for Common Channel Signalling, and a market trial of the Integrated Services Digital Network (ISDN). Combined, these initiatives significantly improve the efficiency and quality of service provided by the network.
- Office renovations to more efficiently accommodate a reorganized AGT; and, the upgrading and expansion of mechanized information systems to improve management productivity.

Further increases in the level of capital expenditures are forecast for 1988 and 1989.

OPERATING EXPENSES

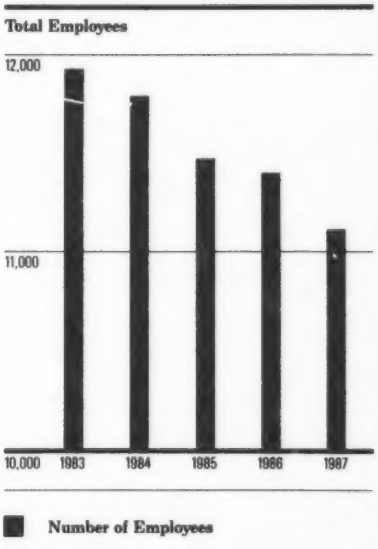
AGT actively pursues new initiatives that will result in improved productivity and operating efficiencies.

Operating expenses for the year increased from $756.0 million to $806.5 million, representing an annual increase of 6.7%. These expenses include a one-time charge of $17.5 million for a third employee retirement incentive program which, if excluded from the total, would have resulted in a 4.4% growth in expenses.

Depreciation expense decreased by 1.7% from 1986 levels as a result of the rescheduling of switching office replacements. Maintenance expenses stabilized at the 1986 level, whereas traffic expenses declined by 4.9% from 1986. The stability in maintenance and the decrease in traffic categories reflect the productivity gains from previous years' initiatives, particularly in the modernization of the network.

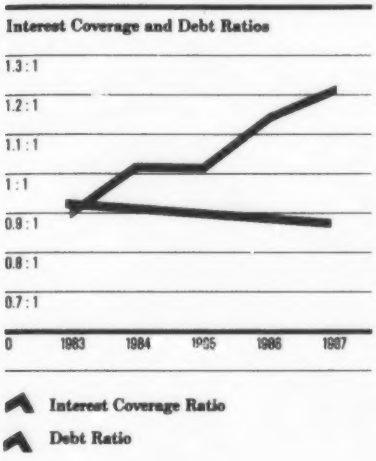
Commercial and marketing expenses increased from 1986 by 16.5%. This increase is attributable to increased product and service advertising, sales support and business development expenses aimed at stimulating revenues while maintaining the existing customer base.

General and administration expenses increased as a result of renewed emphasis on human resources and marketing functions in line with AGT's corporate reorganization; the early retirement program; and, further initiatives to improve productivity and reduce future operating expenditures.



Although the costs of these initiatives were largely incurred in 1987, they will lead to substantial productivity gains in future years. The most notable of these include:

- Projects undertaken to improve productivity in the Business Services, Outside Plant Construction, Network Marketing, Engineering Planning and Design, Real Estate and Security departments.
- An early retirement program which reduced staff by 491 men and women, opening up opportunities to redeploy staff more effectively within the organization.
- A number of programs implemented by Human Resources, including 'pay for performance,' improved career and manpower planning, and ongoing developmental and educational programs for employees.



EARNINGS AND FINANCING

The financial indicators reflect improved corporate performance.

Net income before extraordinary items increased 39% from $38.3 million in 1986 to $53.2 million in 1987. The interest coverage ratio improved from 1.14 to 1.21 while debt as a percent of total capital declined from 93.2% to 90.3% in 1987.

During the year, two new debenture issues were sold totalling $400 million at an average cost of 9.4%. The proceeds were used to finance maturing long-term debt with an average cost of 15.5%, and to meet sinking fund commitments. AGT's ability to finance a large portion of capital expenditures from internally generated funds and the lower cost of new long-term debt have reduced 1987 interest expenses by $22.8 million from 1986 levels.

FUTURE PROSPECTS

Solid financial performance will be achieved in 1988 from further productivity gains, innovative and aggressive marketing to stimulate revenues, and anticipated growth in the economy.

Prospects for the year ahead are promising despite the Federal Sales Tax on Telecommunications services which will have an adverse effect on revenues.

The AGT team will strive to fully meet customer expectations in the most cost effective manner. Based on the successes recorded in 1987, our pursuit of excellence to the benefit of our customers will accelerate. And, with economic forecasts indicating continued improvement and positive growth in Alberta's economy, we are confident our performance in 1988 will reach new levels of achievement.

February 8, 1988
Edmonton, Alberta

Management's Responsibility for Financial Statements

The accompanying consolidated financial statements and information in the Annual Report are the responsibility of management and have been approved by the AGT Commission. The financial statements have been prepared in conformity with Canadian generally accepted accounting principles and of necessity include some amounts that are based on estimates and judgments. Financial information presented throughout the Annual Report is consistent with that in the consolidated financial statements.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, standards and procedures, a formal authorization structure, and an internal audit program. This system is designed to provide management with reasonable assurance that transactions are properly authorized, reliable financial records are maintained, and assets are adequately accounted for and safeguarded. The Company has also established a Code of Business Ethics and corporate directives which require communication of the Code to employees.

The Commission carries out its responsibility for the financial statements through its Audit Committee, which consists entirely of members of the AGT Commission. This Committee meets periodically with management and the auditors to discuss and review audit and financial matters, and recommends the financial statements to the Commission for approval. The Company's external auditor has full and free access to the Audit Committee.

The Auditor General of Alberta, the Company's external auditor, appointed through The Alberta Government Telephones Act, is engaged to provide an independent audit of the consolidated financial statements. The Auditor's Report follows.

On behalf of Management,

H.M. Neldner
President and Chief Executive Officer

F.J. Parrotta
Vice-President—Finance

ALBERTA LEGISLATURE
OFFICE OF THE AUDITOR GENERAL

To the Members of
The Alberta Government Telephones Commission

I have examined the consolidated balance sheet of The Alberta Government Telephones Commission as at December 31, 1987 and the consolidated statements of income, retained earnings and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these consolidated financial statements present fairly the financial position of the Commission as at December 31, 1987 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied, except for the change in accounting for pension costs and obligations as explained in Note 2(h) to the financial statements, on a basis consistent with that of the preceding year.

Donald D. Salmon
C.A.
Auditor General

Edmonton, Alberta
February 8, 1988

CONSOLIDATED STATEMENT OF INCOME

for the year ended December 31, 1987 (thousands of dollars)	1987	1986
Operating Revenues:		
Long distance service	$ 698,268	$ 662,954
Local service	324,652	318,141
Directory, rental and other service	61,733	61,200
Uncollectible operating revenues	(12,992)	(14,561)
	1,071,661	1,027,734
Operating Expenses:		
Depreciation	202,960	206,440
Maintenance	195,188	193,973
Traffic	33,166	34,889
Commercial and marketing	87,012	74,719
General and administration	231,776	199,019
Property and business taxes	30,934	25,144
Pension fund (Note 3)	25,476	21,803
	806,512	755,987
Net Operating Revenues	265,149	271,747
Interest and Other (Note 4)	211,980	210,492
Amortization of Station Connection Costs	—	22,998
Net Income Before Extraordinary Items	53,169	38,257
Extraordinary Items	—	1,042
Net Income	$ 53,169	$ 39,299

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

for the year ended December 31, 1987 (thousands of dollars)	1987	1986
Retained Earnings, Beginning of Year:		
As reported previously	$173,818	$110,739
Prior period restatement (Note 5)	(47,123)	(23,343)
As restated	126,695	87,396
Net Income	53,169	39,299
Retained Earnings, End of Year	$179,864	$126,695

The accompanying notes are part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

for the year ended December 31, 1987 (thousands of dollars)	1987	1986
Operating Activities:		
Net Income Before Extraordinary Items	$ 53,169	$ 38,257
Items not requiring an outlay of cash:		
Depreciation and amortization	211,331	243,550
Other	(1,420)	8,152
Sinking fund earnings	(51,499)	(77,383)
Net change in non-cash working capital components	(46,299)	(1,392)
Other non-current items	23,056	15,426
	188,338	226,610
Cash provided by extraordinary items	—	2,083
Cash Provided by Operating Activities	188,338	228,693
Financing Activities:		
Proceeds from long-term debt issues	400,058	150,000
Repayment of long-term debt	(402,511)	(152,722)
Increase in notes payable	49,628	20,569
Cash Provided by Financing Activities	47,175	17,847
Investing Activities:		
Capital expenditures	(289,146)	(226,165)
Less: items not requiring an outlay of cash	35,515	33,044
Increase in materials and supplies	(13,158)	(2,821)
Decrease in leases and mortgages	4,097	405
Increase in affiliated companies and other	(614)	(31,436)
Cash Used by Investing Activities	(263,306)	(226,973)
Cash and Cash Equivalents:		
Increase (decrease) during the year	(27,793)	19,567
Balance, beginning of year	16,027	(3,540)
Balance, End of Year	$ (11,766)	$ 16,027

The accompanying notes are part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEET

as at December 31, 1987
(thousands of dollars)

ASSETS	1987	1986
Current:		
Cash and short-term deposits	$ —	$ 16,027
Accounts receivable	221,968	197,655
Inventories for resale, at cost	25,135	22,924
Prepaid expenses	17,540	18,408
	264,643	255,014
Investments and Other:		
Affiliated companies and other (Note 6)	18,653	28,249
Leases and mortgages, net (Note 7)	36,358	40,455
	55,011	68,704
Telephone Property:		
Buildings and equipment	3,145,558	3,021,294
Less: Accumulated depreciation	1,360,156	1,258,304
	1,785,402	1,762,990
Land	49,689	45,815
Plant under construction	104,217	79,384
Materials and supplies	70,296	57,138
	2,009,604	1,945,327
Deferred Charges:		
Unrealized exchange loss, net	13,996	29,307
Other	16,866	16,799
	30,862	46,106
	$2,360,120	$2,315,151

On behalf of the Commission,

H.B. Hobbs
Chairman

W.A. Graham
Commission Member

The accompanying notes are part of these consolidated financial statements.

LIABILITIES AND RETAINED EARNINGS	1987	1986
Current:		
Bank overdraft	$ 11,766	$ –
Notes payable	204,663	155,035
Accounts payable and accrued liabilities	192,581	215,113
Service billed in advance	35,467	33,577
Current portion of long-term debt (Note 8)	2,274	377,231
	446,751	780,956
Deferred Revenue	48,578	30,221
Long-term:		
Long-term debt (Note 8)	2,227,804	1,846,389
Less: Sinking fund assets (Note 9)	542,877	469,110
	1,684,927	1,377,279
Retained Earnings	179,864	126,695
	$2,360,120	$2,315,151

December 31, 1987

Note 1 Authority and Regulation

The Alberta Government Telephones Commission operates under the authority of The Alberta Government Telephones Act, Chapter A-23, Revised Statutes of Alberta 1980, and is regulated by the Alberta Public Utilities Board under the provisions of the Alberta Public Utilities Board Act, Chapter P-37, Revised Statutes of Alberta 1980.

Note 2 Summary of Significant Accounting Policies

(a) Consolidation

These consolidated financial statements include the accounts of wholly-owned subsidiaries, Alta Telecom International Ltd., Alta Telecom Inc., Alta Telecom Licensing Corporation, Alta-Can Telecom Inc. and 288922 Alberta Ltd. All significant transactions between these companies included in the consolidation have been eliminated.

The investment in the 50%-owned affiliated company, NovAtel Communications Ltd., is accounted for by the equity method. Telecommunications equipment and supplies purchased by Alberta Government Telephones from NovAtel Communications Ltd. are reflected in the consolidated balance sheet at cost to the Commission and are included in the consolidated income statement. To the extent that any income related to these revenues has not been offset by depreciation or other operating expenses, it remains in consolidated income and retained earnings. This practice is generally followed in regulated industries.

(b) Telephone Property

Telephone property is recorded at original cost and includes materials, direct labour, certain general overhead costs associated with construction activity and an allowance for funds utilized during construction. Materials and supplies are valued substantially at average cost.

The Commission continually reviews the application of this capitalization policy in accordance with accounting standardization policies of the Telecom Canada companies.

Resulting from this review, no changes in capitalization were made in 1987.

(c) Depreciation

Depreciation is provided on a straight-line basis using rates determined by a continuing program of engineering studies, calculated to allocate to operations the cost of groups of property with equal service lives over the estimated useful lives of the groups.

When depreciable telephone property is retired for reasons of exhausted service capacity, obsolescence, loss or destruction, the original cost of such property, adjusted by any disposal proceeds and costs of removal, is charged to accumulated depreciation.

Gains or losses on disposal of depreciable telephone property are allocated to operations over the remaining estimated useful lives of appropriate property groups.

When depreciable telephone property subject to resale in the ordinary course of business (such as customer-premise equipment) is sold, the original cost of such property less accumulated depreciation is netted against sale proceeds and the difference is reflected in local service revenues.

The composite depreciation rate for the year ended December 31, 1987 was 6.89% compared to 7.27% for the previous year. As at December 31, 1987 total depreciation of $213,012,000 (1986 $219,688,000) includes $8,371,000 (1986 $11,869,000) distributed to other operating expenses and $1,681,000 (1986 $1,379,000) distributed to telephone property.

(d) Investment in Leases

Unearned finance income related to sales-type leases is taken into income over the lease term to produce a constant rate of return on the investment in the lease.

(e) Amortization

Deferred charges, discounts or premiums on long-term monetary assets and liabilities are amortized on a straight-line basis over the remaining lives of the related assets and liabilities.

Where interest coupons and residuals are held as separate investments in sinking funds, discounts are amortized over the period to maturity or call date so as to produce a constant rate of return on the investments.

(f) Deferred Revenue

Deferred revenue relates to the capital cost of equipment rented under operating leases and grants from the Government of the Province of Alberta under the Individual Line Service program. It is recognized as income on a straight-line basis over the estimated useful life of the related equipment. Deferred revenue to be recognized as income within one year is included with service billed in advance.

The amount of grants credited to deferred revenue in 1987 amounted to $27,056,000. $2,975,000 will be recognized as income in 1988.

(g) Translation of Foreign Currencies

Monetary assets and liabilities in foreign currencies are translated into Canadian dollars at the rate of exchange in effect at the balance sheet date. Other assets and liabilities and items affecting earnings are converted at the rate of exchange in effect at the date of the transaction.

Unrealized net exchange gains or losses are deferred and amortized over the remaining lives of the related assets and liabilities.

Self-sustaining foreign operations are translated using the current rate method. Under this method, all assets and liabilities are translated into Canadian dollars at year-end exchange rates; revenue and expenses are translated at exchange rates in effect during the year. Net translation gains or losses arising from changes in exchange rates are treated as deferred charges.

(h) Change in Accounting for Pension Costs and Obligations

Effective January 1, 1987, the Commission adopted the recommendations of the Canadian Institute of Chartered Accountants regarding the accounting for pension costs and obligations, on a prospective basis as recommended. The change had no effect on pension expense in 1987.

Note 3 Pension Fund

The Commission maintains a contributory defined benefit final pay pension plan that covers substantially all employees. It provides pensions based on length of service and final average earnings.

Actuarial reports prepared during the year estimate the present value of the accrued pension benefits and the net assets available to provide for these benefits, at market-related value, as of December 31, 1987. The estimates, which were based on projections of employees' compensation levels and reflect management's best estimate of the effect of future events are as follows:

	1987	1986
	(thousands of dollars)	
Accrued pension benefits	$699,293	$635,233
Pension fund assets	773,699	698,056

With the Commission's contribution rate fixed in the Pension Plan regulations, no impact of the net pension asset has been reflected in the current pension expense of $25,476,000 (1986 $21,803,000).

Note 4 Interest and Other

	1987	1986
	(thousands of dollars)	
Interest on long-term debt	$249,162	$272,026
Less: Sinking fund income	51,499	77,383
Allowance for funds used during construction	8,818	3,774
	188,845	190,869
Loss in affiliated company	10,210	9,503
Other, net	12,925	10,120
	$211,980	$210,492

Note 5 Restatement of Prior Period Financial Statements

On February 28, 1987, an Arbitration Committee, which held hearings to "develop or select a practical toll-sharing formula for the sharing of toll revenues generated in the City of Edmonton", released its decision outlining a basis for toll revenue sharing which was effective January 1, 1985. Under the Committee's formula, 'edmonton telephones' receives $43,175,000 for 1985 and $46,506,000 for 1986 from the Commission. These amounts were reduced by amounts previously paid by the Commission, and the balance was paid to 'edmonton telephones' in 1987.

Financial statements for prior years have been restated. The opening retained earnings for 1986 have been decreased by $26,091,000 for the portion applicable to 1985, while net income for 1986 has been decreased by $24,675,000.

In addition, the opening retained earnings for 1986 have been increased by $2,748,000 for the portion of an understatement in directory revenue applicable to 1982 to 1985, while net income for 1986 has been increased by $895,000.

Note 6 Affiliated Companies and Other

	1987	1986
	(thousands of dollars)	
NovAtel Communications Ltd.; at equity (50% ownership held by a subsidiary of 288922 Alberta Ltd.)	$10,897	$21,107
Venture Capital Investments; at cost (held by Alta-Can Telecom Inc.)	3,683	4,319
Other investments; at cost	4,073	2,823
	$18,653	$28,249

Note 7 Leases and Mortgages, net

The net investment in leases and mortgages results from the sale of assets to customers under a lease purchase plan and from the sale of rental homes to employees. Principal due within one year has been reclassified under current assets.

Net investment in leases and mortgages consists of the following:

	1987	1986
	(thousands of dollars)	
Total minimum lease and mortgage payments receivable	$ 66,441	$ 71,501
Unearned finance income	(11,788)	(14,439)
	54,653	57,062
Less: Current portion	18,295	16,607
	$ 36,358	$ 40,455

Note 8 Long-term Debt

	1987	1986
	(thousands of dollars)	
Debentures payable in United States funds, maturing 1988 to 1996, bearing interest at 4.75% to 9.50%	$ 202,367	$ 203,669
Exchange premium, net, at dates of issue	13,360	13,391
Unrealized exchange loss	47,249	64,105
	262,976	281,165
Debentures payable in Canadian funds, maturing 1989 to 2003, bearing interest at 6.00% to 17.75%	1,955,396	1,930,396
Mortgages payable in Canadian funds, repayable in monthly instalments, maturing 1995 and 1999, bearing interest at 8.25% and 11.50%	11,706	12,059
Less: Portion due within one year included in current liabilities	2,274	377,231
	$2,227,804	$1,846,389

(a) Debentures are unconditionally guaranteed as to principal and interest by the Government of the Province of Alberta.

(b) In accordance with debenture deeds, certain issues require annual sinking fund contributions of 1.00% to 2.00% of the principal amounts outstanding. Contributions are required during periods varying from 15 to 25 years before maturity.

(c) Certain debentures have early redemption provisions at the Commission's option during periods prior to maturity varying from 2 to 4 years for Canadian dollar issues and 10 to 13 years for United States dollar issues.

(d) Anticipated requirements to meet long-term debt repayments and sinking fund provisions during the next five years are as follows:

	(thousands of dollars)
1988	$ 27,483
1989	157,845
1990	61,988
1991	211,917
1992	91,749
	$ 550,982

Note 9 Sinking Fund Assets

Sinking fund assets relate to the Commission's debenture debt and consist of the following:

	1987	1986
	(thousands of dollars)	
Investments:		
Debentures, at amortized cost:		
Government of Canada, direct and guaranteed	$342,353	$295,862
Provincial, direct and guaranteed	65,235	47,896
Investment in the Commission's own debentures, at amortized cost	74,921	66,857
Unrealized exchange gain	10,843	14,720
(Approximate market value: 1987 $530,147; 1986 $504,441)	493,352	425,335
Cash	43	19
Short-term deposits	43,695	39,069
Accrued interest	5,787	4,687
	$542,877	$469,110

Note 10 Related Party Transactions

During 1987, the Commission purchased equipment, materials and related supplies from NovAtel Communications Ltd. in the amount of $9,458,000 (1986 $13,630,000) which represented approximately 5% (1986 13%) of the sales of NovAtel.

There were no material transactions with other related companies.

Note 11 Comparative Figures

The 1986 figures have been reclassified where necessary to conform to 1987 presentation.

HISTORICAL SUMMARY

	1987	1986	1985
INCOME STATEMENT (in thousands)			
LONG DISTANCE REVENUES	$ 698,268	$ 662,954	$ 649,030
LOCAL REVENUES	324,652	318,141	332,884
OTHER REVENUES (net of Uncollectibles)	48,741	46,639	44,777
TOTAL OPERATING REVENUES	1,071,661	1,027,734	1,026,691
TOTAL OPERATING EXPENSES	806,512	755,987	728,219
INTEREST AND OTHER	211,980	210,492	251,889
NET INCOME	53,169	39,299	23,585
BALANCE SHEET (in thousands)			
TOTAL PLANT INVESTMENT	$3,299,464	$3,146,493	$3,015,739
ACCUMULATED DEPRECIATION	1,360,156	1,258,304	1,106,137
LONG-TERM DEBT	2,227,804	1,846,389	2,077,238
TOTAL ASSETS	2,360,120	2,315,151	2,313,323
FINANCIAL STATISTICS			
RETURN ON AVERAGE CAPITAL	12.5	13.0	12.8
TIMES INTEREST EARNED	1.21	1.14	1.08
% DEBT TO TOTAL CAPITAL	90.3	93.2	94.3
CAPITAL EXPENDITURES	$ 289,146	$ 226,165	$ 180,688
OTHER STATISTICS			
NETWORK ACCESS LINES	970,549	938,230	915,149
LONG DISTANCE MESSAGES (in thousands)	264,645	248,249	236,207
TOTAL EMPLOYEES	11,119	11,407	11,477
TOTAL PAYROLL (in thousands)	$ 397,159	$ 385,944	$ 372,435

The 1982 to 1986 Historical Summary statistics have been restated to reflect the restatement of prior perio financial results.

1984	1983	1982	1981	1980	1979	1978
$ 616,456	$ 571,905	$ 531,545	$ 488,746	$ 428,443	$ 354,046	$ 291,869
317,637	263,807	254,982	223,759	190,507	160,400	137,901
37,080	57,792	39,051	21,957	17,878	14,572	13,701
971,173	893,504	825,578	734,462	636,828	529,018	443,471
720,040	695,642	690,577	596,546	498,153	407,616	338,838
228,231	228,067	191,245	136,860	113,927	97,020	88,762
11,903	(22,160)	(56,244)	1,056	24,748	24,382	15,871
$3,139,373	$3,054,239	$2,976,148	$2,657,077	$2,244,861	$1,932,576	$1,678,979
1,126,483	1,004,047	884,195	786,917	638,309	516,193	420,808
2,188,566	2,136,836	2,108,913	1,763,442	1,533,175	1,318,193	1,236,706
2,325,297	2,312,029	2,311,746	2,069,936	1,786,372	1,558,822	1,391,172
12.9	10.0	7.7	8.5	9.3	9.1	8.7
1.08	.89	.76	1.01	1.18	1.22	1.16
97.1	97.0	96.2	93.4	92.6	93.3	94.2
$ 215,922	$ 222,809	$ 473,516	$ 480,014	$ 380,957	$ 314,313	$ 261,070
887,284	869,053	861,164	839,369	783,367	721,911	667,495
214,357	205,808	205,420	198,930	177,788	148,957	126,654
11,799	11,926	12,814	13,429	12,326	11,229	10,696
$ 357,032	$ 359,675	$ 351,061	$ 307,995	$ 258,790	$ 214,825	$ 189,045

COMMISSION

R.A. Bickell,
President and Chief Operating Officer, Canfor Corporation

J.W. Burrows,
Chairman, NovAtel Communications Ltd.

H.B. Hobbs,
Chairman

F.S. Weatherup,
Chairman, Saville Land Developments Ltd.

A.F. Collins,
Advisor to the Provincial Treasurer

D.G. Skagen,
Chairman, Mohawk Oil Co. Ltd.

H.M. Neldner,
President and Chief Executive Officer

K.H.G. Broadfoot,
Deputy Minister, Technology, Research and Telecommunications

not shown:

C.M. Leitch, Q.C.,
Partner, MacLeod Dixon Barristers & Solicitors

W.A. Graham,
President, Gratrend Holdings Ltd.

W.D. Montgomery,
Assistant Vice-President, Human Resources

F.J. Parrotta,
Vice-President, Finance

H.M. Neidner,
President and Chief Executive Officer

E. Roesler,
Assistant Vice-President, Regulatory and Intercarrier Affairs

D.J. Lowry,
Senior Vice-President, Marketing and Sales

J.D. McDonald,
Vice-President, Corporate Development and Regulatory Affairs

J.W. Thiessen,
Vice-President, Human Resources and Corporate Services

D.F. Baillie,
Senior Vice-President, Network Engineering and Operations

OFFICERS, MANAGEMENT AND COMMITTEES OF THE COMMISSION

Chairman	H.B. Hobbs
Assistant to the Chairman & Corporate Secretary	K.W.R. Strilchuk
Government Liaison Officer	B.F. Harries
President & Chief Executive Officer	H.M. Neldner
Legal Counsel	S.N. Douglas
Executive Office Manager	S.J. Jones
Senior Vice-President Network Engineering & Operations	D.F. Baillie
Assistant Vice-President Network Engineering & Provisioning	R.K. Ades
Assistant Vice-President Operations	W.R. Stuart
Director, Human Resources	G.E. Anderson
Director, Financial Management & Administration	B.C. Hancock
Director, Systems	L.M. Turchansky
Senior Vice-President Marketing & Sales	D.J. Lowry
Assistant Vice-President Network Marketing	P.G. McLean
Assistant Vice-President Business Services	H.J. Stech
Assistant Vice-President Residence Services	R.F. Sutcliffe
Director, Financial Management & Administration	A.M. Cooper
Director, Human Resources	A.D. Dexter
Director, Olympic Project	R.G. Tucker
Customer Relations Manager	D.A. Murray
Vice-President Corporate Development & Regulatory Affairs	J.D. McDonald
Assistant Vice-President Regulatory & Intercarrier Affairs	E. Roesler
Assistant Vice-President Corporate Planning & Management	B.S. Backman-Beharry
Director, Corporate Communications	J.E. Williams
Vice-President Finance	F.J. Parrotta
Comptroller	G.E. Shirley
Treasurer	M.J. Macartney
Director, Pension Fund	R.G. Bertram
Director, Pension Administration	H.J. McNeely
Director, Corporate Security & Audit	E.G. Cherneski
Director, Corporate Financial Planning & Analysis	C.J. Carter
Director, Corporate Financial Systems & Methods	D.M. Dziaba
Vice-President Human Resources & Corporate Services	J.W. Thiessen
Assistant Vice-President Human Resources	W.D. Montgomery
Director, Human Resources, Corporate Departments	G.D. Burrell
Director, Productivity Improvement	E.J. Chambers
Director, Corporate Computer Services	H.C. Loos
Director, Fleet Management	D.B. Meier
Director, Real Estate	L.W. Mills
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